

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

July 31, 2015 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Marvin Fuller called the meeting to order at 6:33 a.m. Board Members present were Mitch Herzog and Todd Wintters.

Ex-officio members Eric Hogue, Mayor and Mindy Manson, City Manager were present.

WEDC staff present was Executive Director Sam Satterwhite and Sr. Assistant Angel Wygant.

CITIZEN PARTICIPATION

Lynn Grimes commented that there was great excitement in the community about the new La Quinta Inn & Suites and The Wylie News coverage was excellent. Mr. Fuller thanked Mrs. Grimes for her support for Wylie and for the WEDC Board.

With no further citizen participation, Mr. Fuller proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the July 15, 2015 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Todd Wintters and seconded by Mitch Herzog to approve the July 15, 2015 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – {REMOVE FROM TABLE} Consider and act upon issues surrounding the FY 2015-2016 WEDC Budget.

MOTION: A motion was made by Mitch Herzog and seconded by Todd Wintters to remove this item from Table. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

Staff explained that he believes he has discovered why the Finance Department and WEDC Staff have such differing figures for the Beginning Fund Balance each year. In developing the figure, both entities utilize actual expenses to date and projected expenses through 9-30-15. However, staff uses actual sales tax receipts to date and projected receipts through the end of the fiscal year based upon how sales tax receipts are trending. The Finance Department uses budgeted sales tax receipts that were developed in March of the previous year. For example, had the City & WEDC budgeted for a 5% gain in sales tax receipts in March of 2014 and the actuals were 14% as is the case currently, there would be a \$113,000 difference between what the WEDC determines is available and what Finance determines is available. The Finance Department utilizes audited data and the WEDC uses a cash flow analysis.

In the end there is no difference as the auditors determine the beginning fund balance based upon the WEDC Claim on Cash on 10-1-15 which is made up of actual sales tax receipts and not budget receipts. The only impact is that our available resources for the next fiscal year are underestimated assuming our sales tax receipts outpace our budget projections.

Presented for the Board's review was the final draft to be considered prior to Finance delivering the Budget to the City Secretary for posting on August 7th as required by law. Two changes exist since the budget was presented. The \$202,000 contributed by the City for the purchase of properties on South Ballard had been added to WEDC revenue via a Budget Amendment. Also, an additional \$150,000 was added for remodeling for the Industrial Court redevelopment project which may be incurred this fiscal year as opposed to FY 15-16.

In summary, there is \$3,858,411 in available resources including \$2.26 mm in sales tax receipts and \$1.45 estimated for the Beginning Fund Balance as of 10-1-15. As is typical, the WEDC budgets an equal amount in expenses.

Personnel is budgeted at \$249,208 which includes a new position. Incentives were budgeted at \$1,873,958 and debt service at \$686,825. With the addition of the \$202,000 from the City, staff was able to include \$200,000 in the Land budget. Excluding Personnel, the above expenses which make up the core economic development functions equals 72% of total available resources.

President Fuller requested that the Board revisit final approval of this item after Executive Session.

ITEM NO. 3 – Consider and act upon approval of a Certificate of Corporate Resolution 2015-01 (R) approving Loan Documents, including but not limited to, a Promissory Note and Security Agreement required to borrow the sum of \$387,317.13 from The American National Bank of Texas, pledge as security the use and sales tax revenue the WEDC receives from the City of Wylie for repayment of said Loan, and further authorize President Marvin Fuller to execute all documents necessary to effectuate all Loan Documents.

Staff reviewed the Corporate Resolution documents necessary to effectuate a loan between the Wylie Economic Development Corporation (WEDC) and The American National Bank (ANB) to purchase property from Cora Jones located at 106 N. Birmingham and to refinance a note held by Hobart Investments for the 2014 purchase of property on Commerce Street. The Loan Agreement calls for the borrowing of \$387,317.13 with the purchase price of the Jones property being \$190,000 and the Hobart payoff of \$202,317.13 as of September 6, 2015. The WEDC funded \$5,000 in earnest money to Lawyers Title under the terms of the Jones contract which will be applied to the purchase price.

The Loan Agreement and Promissory Note specify a 4% interest rate with a 48 month amortization. There is no prepayment penalty.

Following approval of the WEDC Resolution and Loan documents, the Wylie City Council will be required to authorize, via resolution, the WEDC entering into debt in the amount of \$387,317.13 and the pledge of sales tax receipts as security for said Loan with ANB. The tentative date for City Council consideration is August 11, 2015.

Staff recommended that the WEDC approve Certificate of Corporate Resolution 2015-01 (R) approving the terms and conditions of the Loan Documents, including but not limited to a Loan Agreement, Promissory Note, and Security Agreement in order to borrow the sum of \$387,317.13 from American National Bank of Texas to fund a portion of the purchase price for land and improvements located at 106 N. Birmingham Street and to refinance an existing note held by Hobart Investments, in addition to the pledge of sale and use tax received by the WEDC as security for the loan, *further authorizing* WEDC President Fuller and WEDC Secretary Yeager to execute all documents necessary to effectuate the Loan Documents.

MOTION: A motion was made by Mitch Herzog and seconded by Todd Wintters to approve a Certificate of Corporate Resolution 2015-01 (R) as presented. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 4 – Consider and act upon approval of WEDC Budget Transfer #7-31-15.

Staff explained that in the FY 2014-15 Budget, the WEDC budgeted \$82,600 for Special Services, of which \$60,000 was reserved for consultant fees and miscellaneous unforeseen expenses. Due to environmental issues and costs associated with land purchases, these expenses have exceeded the budget by \$41,541. Further, staff anticipates costs of \$24,645 before the end of the fiscal year. A breakdown of these expenses was attached for the Board's review.

In the FY 2014-15 Budget, the WEDC budgeted \$2,000 for utilities. Actual expenses through the end of June have exceeded that amount by \$942.79 with anticipated expenses of \$600 through the end of the Budget year.

In the FY 2014-15 Budget, the WEDC budgeted \$4,800 for Communications. With the addition of paperless board packets, there is a monthly service charge of \$147 for tablet service which was not planned for in the FY 2014-15 Budget. Staff proposes reducing Incentives by \$69,206 to offset the increased expenses within the Special Services, Utilities and Communications accounts.

Staff recommended that the WEDC Board of Directors Approve Budget Transfer Request EDC 7-31-15 in the amount of \$69,206

MOTION: A motion was made by Todd Wintters and seconded by Mitch Herzog to approve Budget Transfer Request EDC 7-31-15. The WEDC Board voted 3 – FOR and 0 – AGAINST in favor of the motion.

EXECUTIVE SESSION

Recessed into Closed Session at 6:44 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Board Member Dawkins joined the meeting at 6:52 a.m.

Section 551.087 (Economic Development) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Project 2015-2a

Section 551.072 (Real Estate) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Consider the sale or acquisition of properties located near the intersection of:

- Cooper Drive and State Highway
- Business Way and Commerce

Section 551.074 (Personnel Matters) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Performance Evaluation – WEDC Executive Director

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 7:55 a.m. and took the following action related to Item 2 - Consider and act upon issues surrounding the FY 2015-2016 WEDC Budget:

Effective 10/1/15, the WEDC Board of Directors awarded the WEDC Executive Director a 5% salary increase and granted a performance bonus of \$12,000 payable immediately as authorized within the Employment Agreement between the WEDC and Mr. Satterwhite.

The WEDC Board commended Mr. Satterwhite for his excellent performance this year often going above and beyond on behalf of the WEDC's interests.

The Board authorized staff to direct funds from Incentives into Personnel to accommodate the approved changes.

MOTION: A motion was made by Todd Wintters and seconded by Mitch Herzog to approve the FY 2015-2016 WEDC Budget as amended. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion.

ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 7:59 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director